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Department of Justice

U.S. Attorney's Office

Eastern District of Pennsylvania

FOR IMMEDIATE RELEASE

Tuesday, February 28, 2017

E.D. Pa. U.S. Attorney Reaches Settlement for False Claims Act Violations on Project Management Oversight Contract

Project Management Oversight Entity Agrees to Pay \$1,500,000

PHILADELPHIA – Louis D. Lappen, Acting United States Attorney for the Eastern District of Pennsylvania, announced today that the United States had reached a civil settlement with CH2M Hill, Inc. (“CH2M”) resolving civil claims concerning CH2M’s improper billing under a Joint Venture Project Management Oversight Agreement (“PMO”) with Amtrak. To resolve the government’s civil claims against it, CH2M has agreed to pay the United States \$1,500,000.00 pursuant to the settlement agreement.

CH2M and its joint venture partner performed project management functions on several Amtrak construction projects throughout the eastern United States. The PMO contract required that CH2M bill actual labor and overhead rates for the employees working the various projects. The United States contends that it has certain civil claims against CH2M arising from CH2M’s billing under the PMO contract during the period January 1, 2011 through December 31, 2014. This conduct included: a) continuing to bill overhead at a maximum rate listed in the Joint Venture PMO Contract without adjusting the overhead rate to actual costs incurred; b) billing employees of the lower overhead related company CH2M HILL Constructors, Inc. (“CCI”) as if they were employees of the higher overhead CH2M; and c) billing overhead rates of field employees that did not match the actual overhead rates of field employees.

The case arose when an audit of CH2M’s billing showed discrepancies. The case was investigated by Amtrak and the Department of Transportation’s Offices of Inspector General. For the United States Attorney’s Office for the Eastern District of Pennsylvania, this investigation and settlement was handled by Assistant United States Attorney Colin M. Cherico.

The claims settled by this settlement agreement are allegations only and there has been no determination of liability.

USAO - Pennsylvania, Eastern

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